

FOR ACTION

I. REQUEST

Approve an Extension to Resolution No. 134, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Hale Makana O Moiliili Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-7-007: 016 and 051

II. FACTS

Project Information:

Project Name:	Hale Makana O Moiliili		
Applicant:	Ho’okahua Moiliili, LP		
TMK and Location:	TMK Nos.: (1) 2-7-007: 016 and 051 2139 Algaroba St. Honolulu, HI 96815		
Land Tenure:	Fee Simple		
Project Type:	New Building		
Target Population:	Elderly		
Length of Affordability:	56 Years		
Affordability Restrictions:	6 units @ 30% AMGI 92 units @ 50% AMGI 6 units @ 60% AMGI 1 Manager's unit <hr/> 105 Total Units		
Projected Unit and Rent Mix:	Units	Unit Type	Rent / Mo. *
	4	Studio Unit	\$553
	72	Studio Unit	\$962
	4	Studio Unit	\$1,166
	2	1-Bedroom Unit	\$587
	20	1-Bedroom Unit	\$1,024
	2	1-Bedroom Unit	\$1,243
	1	1-Bedroom Manager’s Unit	N/A
*Net of Utility Allowance			
Estimated Completion:	First Building – N/A (one building) Project Completion (Last Building) – December 2022		
Type of Construction:	5-story Type III Mid-Rise Building over a 1-story Type I podium deck.		
Amenities and Services:	Project amenities: community room, laundry room, elevator. Unit amenities: range, refrigerator, disposal.		
Floor Area:	37,340 sq. ft. Residential Area 12,132 sq. ft. Common Area <hr/> 49,472 sq. ft. Total		

<i>Developer:</i>	Ho’okahua Moiliili, LP Contact – Kali Watson 1188 Bishop St., Ste. 907 Honolulu, HI 96813 (808) 529-0404
<i>Contractor:</i>	Moss & Associates, LLC Contact – Doug Rogers 737 Bishop Street, Ste. 2750 Honolulu, HI 96813 (808) 295-6804
<i>Property Manager:</i>	Mark Development, Inc. Contact – Craig Watase 3165 Waialae Ave., Ste. 200 Honolulu, HI 96816 (808) 735-9099

ORIGINAL APPROVAL DATE: December 12, 2019
EXPIRATION DATE: December 31, 2020
REQUEST FOR EXTENSION: June 30, 2021

- A. On December 12, 2019, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the following for the benefit of Hale Makana O Moiliili (Project):
1. \$22,000,000 intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program (Resolution No. 134);
 2. \$999,234 in annual Federal Low Income Housing Tax Credits (LIHTC) over a ten-year period and \$999,234 in annual State LIHTC over a five-year period from the non-volume cap pool (4% LIHTC); and
 3. A Rental Housing Revolving Fund (RHRF) Loan of up to \$13,600,000. (NOTE: RHRF was formerly known as the Rental Housing Trust Fund pursuant to Act 237, SLH 2015, effective July 14, 2015.)
- B. On February 26, 2020, the Governor provided preliminary approval to issue approximately \$22,000,000 in revenue bonds for the Project.
- C. On October 2, 2020, Ho’okahua Moiliili (Awardee) requested to extend Resolution No. 134 (Exhibit B).

III. DISCUSSION

- A. The Project is a proposed 105-unit (includes 1-manager’s unit) affordable rental housing facility targeted for elderly households. Improvements shall consist of a 5-story mid-rise residential structure built over a 1-story podium.
- B. The Applicant is a single-asset, real estate holding company, specifically established to develop, own, and operate the Project. The Managing General partners is Hawaii Community Development Board. The Administrative General Partner is 3 Leaf Holdings, Inc.
1. Hawaii Community Development Board is a 501(c)(3) corporation and is involved in three (3) LIHTC projects in Hawaii (Halawa View Apartments, Kewalo Apartments, and Hale Makana O Nanakuli). Two (2) additional projects, Hale Makana O Maili and Kapolei Mixed Used

Development Phase 2, are currently under construction and two (2) other projects, Halawa View II and III are working towards the financial closing.

2. 3 Leaf Holdings, Inc. is a for profit investment company with interests in market and affordable residential projects in California. The Project represents its second Hawaii LIHTC development. It's first, Hale Makana O Maili is currently under construction.

C. The proposed Financing Structure is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 0	\$ 0
LIHTC Equity	1,877,801	12,439,220
HMMF Bond*	16,500,000	5,330,000
RHRF Loan	10,600,000	13,600,000
Deferred Developer Fee	1,818,465	23,739
Deferred Developer Overhead	0	0
Other Deferred Costs	596,693	0
Total	\$ 31,392,959	\$ 31,392,959

* Authorized issuance of up to \$22,000,000 compared to budgeted use of \$16,500,000. The \$5,500,000 excess represents a cushion against budget increases with respect to the 50% Test requirement. To maximize 4% LIHTC eligible basis, tax-exempt proceeds must cover at least 50% of land and depreciable assets.

D. The proposed Project Budget and Use of Funds is as follows:

Budget/Cost Item	Amount	Per Square Foot	%
Land Acquisition	\$ 6,000,000	\$ 121.28	19.11
Construction – Sitework	1,500,000	30.32	4.78
Construction – Vertical	12,425,000	251.15	39.58
Construction – Contractor Profit	1,942,538	39.27	6.19
Interim & Soft Costs	3,903,000	78.89	12.43
Financing & Syndication Costs	2,171,073	43.88	6.92
Developer’s Fee	1,818,465	36.76	5.79
Developer’s Overhead	480,000	9.70	1.53
Project Reserves	359,506	7.27	1.15
Contingency	793,377	16.04	2.52
Total	\$ 31,392,959	\$ 634.56	100.00

- E. The Project's estimated construction timeline is as follows:
1. Building Permits – June 2021
 2. Construction Start Date – June 2021
 3. First Building Completion – N/A (one building)
 4. Project Completion (Last Building) – December 2022
- F. HHFDC evaluated the extension request based on progress made on three (3) basic milestones of site control, zoning approvals, and securing financing commitments.

Site Control: Awardee has site control through a purchase agreement.

Zoning Approvals: The Awardee is working with the City and County of Honolulu to obtain a 201H zoning exemption approval. The Finding of No Significant Impact (FONSI) was published in the Environmental Notice on November 8, 2020. The Awardee continues to work on obtaining the final approval from the Disability and Communication Access Board (DCAB) and approval of the building permits.

Financing Commitments: The Awardee continues to work with Bank of Hawaii on the sale of tax-exempt bonds and with CREA on the syndication of Federal and State LIHTC.

- G. The Inducement Resolution is required under Section 1.150-2 of the Treasury Regulations before the project's sponsor acquires or commences construction of the development.

Inducement Resolution No. 134 does not authorize the sale of tax-exempt bonds for the Project. Section 147(f) of the Internal Revenue code requires that all private activity bond obligations be approved by the "applicable elected representative of the affected governmental units" after a public hearing. Thus, staff will present a subsequent resolution to the Board requesting for approval for the actual issuance, sale, and delivery of the bonds, if it is deemed feasible.

Furthermore, the bond issuance is subject to (i) availability of volume cap and (ii) approval by the Department of Budget and Finance and the Governor.

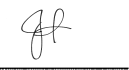
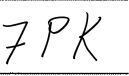
- H. Staff recommends an extension to June 30, 2021 to coincide with the Project's RHRF Letter of Interest expiration.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. Extend the deadline to issue HMMF Bonds for the Hale Makana O Moiliili Project to June 30, 2021; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A – Resolution No. 134
 Exhibit B – Request for Extension dated October 2, 2020
 Exhibit C – Project Location Map and Pictures

Prepared by:	Jocelyn Iwamasa, Finance Specialist	
Reviewed by:	for Darren K. Ueki, Finance Manager	

RESOLUTION NO. 134

RESOLUTION SETTING FORTH THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE THE FINANCING OF THE HALE MAKANA O MOILIILI PROJECT

WHEREAS, Part III of Chapter 39 and Part III of Chapter 201H, Hawaii Revised Statutes, as amended (collectively, the "Act"), authorize the Hawaii Housing Finance and Development Corporation (the "Corporation") to issue bonds to provide moneys to make mortgage loans to assist in developing, constructing, and providing housing for persons of low and moderate income;

WHEREAS, Ho'okahua Moiliili, LP (the "Borrower"), has requested that the Corporation issue and sell multi-family housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the development and construction of a multifamily residential development commonly known as Hale Makana O Moiliili located on approximately 0.41 acres in the City and County of Honolulu (the "Project");

WHEREAS, the Corporation, in the course of assisting the Borrower in financing the Project, expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of this Resolution and prior to the issuance of Bonds for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, §1.150-2 of the United States Treasury Regulations (the "Regulations") requires the Corporation to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

WHEREAS, the Corporation wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures), when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Corporation, the Borrower and the purchaser of Bonds in an aggregate principal amount not to exceed twenty-two million dollars (\$22,000,000);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation, as follows:

Section 1. The Board of Directors finds and determines that the foregoing recitals are true and correct.

Section 2. This resolution is made solely for purposes of establishing compliance with the requirements of §1.150-2 of the Regulations. This resolution does not bind the Corporation to make any expenditure, to issue Bonds or otherwise to incur any debt or to proceed with the Project.

Section 3. The Corporation hereby declares its official intent to issue Bonds for the purpose of financing costs of the Project by lending the proceeds to the Borrower, which may use the proceeds of Bonds, if and when issued, to reimburse the Reimbursement Expenditures and pay other costs of the Project.

Section 4. This resolution shall take immediate effect from and after its adoption.

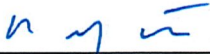
The Undersigned hereby certify that the foregoing Resolution was duly adopted by the Directors of the Hawaii Housing Finance and Development Corporation on December 12, 2019.



LEILANI PULMANO, Chair

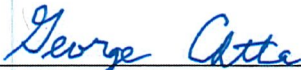


DONN MENDE, Vice Chair



RONA FUKUMOTO, Secretary

MELVIN KAHELE, Director



GEORGE ATTA, Director



GARY MACKLER, Director

NEAL MIYAHIRA, Director

MIKE MCCARTNEY, Director



SARA LIN, Director



Century Square, Suite 907
1188 Bishop Street
Honolulu, Hawaii 96813

Phone 808-529-0404
Cell: 808-282-5991
E-mail 6kali9@gmail.com

October 2, 2020

Mr. Darren Ueki
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, HI 96813

Re: Hale Makana O Moiliili
\$22,00,000 Hula Mae Multi-Family Tax-Exempt Bond
Extension Request

Dear Mr. Ueki,

On behalf of Ho'okahua Moiliili, LP, we kindly request an extension to the 12 month Issuance deadline for the Hula Mae Multi-Family Bonds from Resolution No. 134 dated December 12, 2019 for Hale Makana O Moiliili.

We continue to work aggressively on all components of our project including the 201H entitlements, architecture, engineering, and building permits. Bank of Hawaii has committed to be our construction and permanent lender and CREA has committed to be the tax credit investor for the project. However, the one particular item that has delayed the project is the COVID-19 pandemic. We are told by DPP that it will take one full year to issue permits so we have reworked our timeline to reflect that timing.

Updated Timeline:

201 H Approval – 2/15/2021
Building Permits – 6/1/2021
Construction Start Date – 6/15/2021
Project Completion – 12/15/2022

Should you have any questions, please feel free to contact (808) 282-5991. Much mahalo for your consideration.

Sincerely,
Ho'okahua Moiliili, LP

A handwritten signature in black ink that reads "Kali Watson".

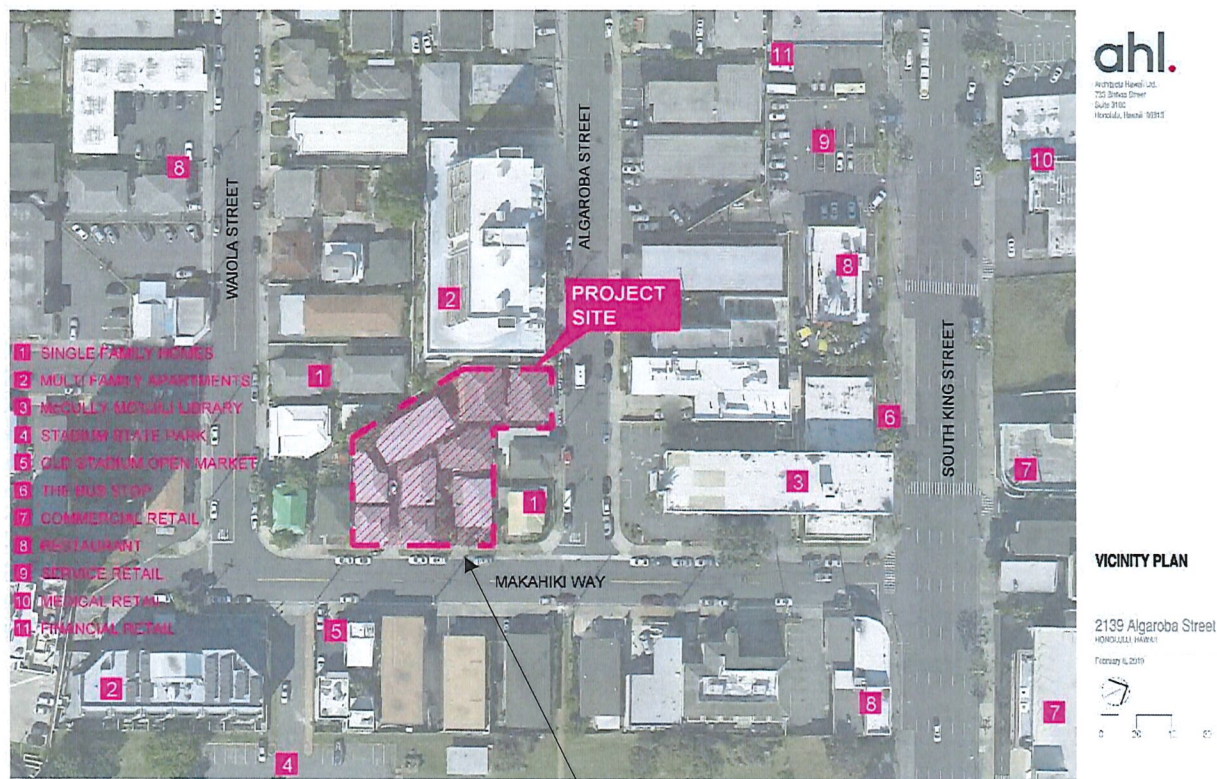
Kali Watson
Hawaiian Community Development Board
MGP

Ho'okahua Development LLC is dedicated to building and promoting better communities.

EXHIBIT B

PROJECT MAP & PICTURES:

Hale Makana O Moiliili
2139 Algaroba St.
Honolulu, HI 96815
TMK Nos.: (1) 2-7-007: 016 and 051



Hale Makana
O Moiliili



ahl.
Architects Hawaii, Ltd.
725 S. King Street
Suite 2100
Honolulu, Hawaii 96813

3D VIEW

2139 Algoroba Street
HONOLULU, HAWAII
February 6, 2019



ahl.
Architects Hawaii, Ltd.
725 S. King Street
Suite 2100
Honolulu, Hawaii 96813

3D VIEW

2139 Algoroba Street
HONOLULU, HAWAII
February 6, 2019